



FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

JAN 26 2005

Richard R. Brown, Esq.
Brown Paindiris & Scott, LLP
100 Pearl Street
Hartford, Connecticut 06103

RE: MUR 5453
Michael Watts

Dear Mr. Brown:

On January 24, 2005, the Federal Election Commission accepted the signed conciliation agreement and civil penalty submitted on your client's behalf in settlement of violations of 2 U.S.C. §§ 441b(a) and 441f, provisions of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter as it pertains to your client.

The Commission reminds you that the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) still apply, and that this matter is still open with respect to other respondents. The Commission will notify you when the entire file has been closed.

Enclosed you will find a copy of the fully executed conciliation agreement for your files. If you have any questions, please contact me at (202) 694-1650.

Very truly yours,

A handwritten signature in black ink, appearing to read "Alexandra Dumas", with a stylized flourish at the end.

Alexandra Dumas
Attorney

Enclosure
Conciliation Agreement

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Michael Watts

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MUR 5453

CONCILIATION AGREEMENT

This matter was initiated by a *sua sponte* submission from Michael Watts ("Respondent"). Based upon the facts voluntarily disclosed by Respondent and other available information, the Commission found reason to believe Respondent knowingly and willfully violated 2 U.S.C. §§ 441b(a) and 441f.

NOW, THEREFORE, the Commission and Respondent, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over Respondent and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:¹

1. Arthur A. Watson & Company, Inc. is a corporation organized by authority of the State of Connecticut.

¹ All of the facts recounted in this agreement occurred prior to the effective date of the Bipartisan Campaign Reform Act of 2002 ("BCRA"), Pub. L. 107-155, 116 Stat. 81 (2002). Accordingly, unless specifically noted to the contrary, all citations to the Federal Election Campaign Act of 1971, as amended ("the Act"), herein are to the Act as it read prior to the effective date of BCRA and all citations to the Commission's regulations herein are to the 2002 edition of Title 11, Code of Federal Regulations, which was published prior to the Commission's promulgation of any regulations under BCRA. All statements of the law in this agreement that are written in the present tense shall be construed to be in either the present or the past tense, as necessary, depending on whether the statement would be modified by the impact of BCRA or the regulations thereunder.

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2. Arthur A. Watson & Company, Inc. is wholly owned by BankNorth.
3. At all times relevant to this matter, Michael Watts was Senior Vice-President of Arthur A. Watson & Company, Inc.
4. The Giordano for U.S. Senate Committee ("Committee") is a political committee within the meaning of 2 U.S.C. § 431(4), and was Philip Giordano's authorized committee for his 2000 Senatorial race in Connecticut.
5. Corporations are prohibited from making contributions or expenditures from their general treasury funds in connection with any election of any candidate for federal office. *See* 2 U.S.C. § 441b(a). It is unlawful for any corporate officer to consent to any contribution by the corporation. *See id.* 2 U.S.C. § 441b(a) also makes it unlawful for any candidate, political committee, or other person knowingly to accept or receive a prohibited corporate contribution. *See id.*
6. 2 U.S.C. § 441f prohibits: (1) making a contribution in the name of another; (2) knowingly permitting one's name to be used to effect such a contribution; and (3) knowingly accepting such a contribution. In addition, no person may knowingly help or assist any person in making a contribution in the name of another. *See* 2 U.S.C. § 441f; *see also* 11 C.F.R. § 110.4(b)(1)(iii).
7. The Act addresses violations of law that are knowing and willful. *See* 2 U.S.C. §§ 437g(a)(5)(B) and 437g(d). The phrase "knowing and willful" indicates that "actions [were] taken with full knowledge of all of the facts and a recognition that the action is prohibited by law." 122 Cong. Rec. H3778 (daily ed. May 3, 1976).
8. In April of 2000, Mr. Watts, Senior Vice-President of Arthur A. Watson & Company, Inc., approached a higher-ranking officer and four of his fellow employees about

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making contributions to the Committee, and discussed the Company reimbursing the employees for those contributions.

9. In or about April 2000, with Mr. Watts' consent and assistance, Arthur A. Watson & Company, Inc. used corporate funds to reimburse contributions made to the Committee by Mr. Watts and his wife, and three other employees and their spouses, in the total amount of \$8,000.

10. Mr. Watts, as Senior Vice-President of Arthur A. Watson & Company, inc., knowingly and willfully consented to the prohibited corporate contributions by discussing the reimbursement scheme with a higher-ranking officer, and assisting Arthur A. Watson & Company, Inc. in carrying out the scheme by collecting contributions from employees that were later reimbursed.

11. Mr. Watts knowingly and willfully accepted reimbursement of his \$2,000 contribution to the Committee from Arthur A. Watson & Company, Inc. with corporate funds.

V. Respondent knowingly and willfully violated 2 U.S.C. §§ 441b(a) and 441f by consenting to prohibited corporate contributions by Arthur A. Watson & Company, Inc., by allowing his name to be used to make contributions in the name of another, and by assisting Arthur A. Watson & Company, Inc. in making contributions in the name of another.

VI. 1. Respondent will pay a civil penalty to the Federal Election Commission in the amount of fifteen thousand dollars (\$15,000), pursuant to 2 U.S.C. § 437g(a)(5)(B).

2. Respondent will cease and desist from violating 2 U.S.C. §§ 441b(a) and 441f.

3. Respondent will waive his right to a refund of all political contributions referenced in this agreement that have not been previously refunded or disgorged to the U.S. Treasury.

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VII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

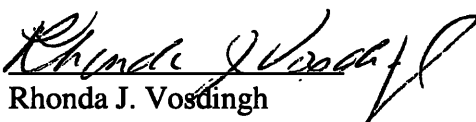
VIII. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

IX. Respondent shall have no more than 30 days from the date this agreement becomes effective to comply with and implement the requirement contained in this agreement and to so notify the Commission.

X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

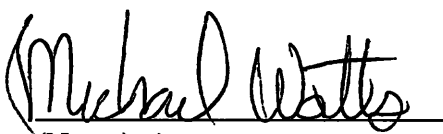
FOR THE COMMISSION:

Lawrence H. Norton
General Counsel

BY: 
Rhonda J. Vosdigh
Associate General Counsel
for Enforcement

1/26/05
Date

FOR THE RESPONDENT:


(Name) MICHAEL WATTS
(Position) Respondent

12/8/04
Date

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